



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

March 29, 2018

The Honorable Michele Reagan
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

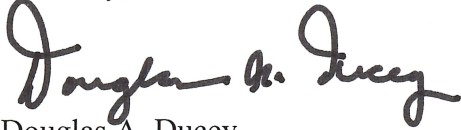
Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 2nd Regular Session, which I signed on March 29, 2018:

HB 2035 deferred compensation plans; governing committee (Livingston)
HB 2156 legislative vacancy; appointment; time frame (Coleman)
HB 2196 certificates of necessity; hearings; duration (Carter)
HB 2242 fire districts; revisions; county islands (Farnsworth, E.)
HB 2258 diabetes; annual report (Carter)
HB 2412 leave of absence; day; definition (Shope)
HB 2477 high school mathematics; proficiency; notification (Udall)
HB 2505 converted entities; claims (Cobb)
HB 2513 hyperbaric oxygen therapy; veterans; fund (Finchem)
HB 2536 dual enrollment; homeschooled children (Bowers)
SB 1073 orthotics; prosthetic devices; valid prescription (Brophy McGee)
SB 1111 workers' compensation; opioids; dispensed medications (Fann)
SB 1204 trusts and estates (Worsley)
SB 1253 game and fish; licenses; fees (Griffin)
SB 1294 tax corrections act of 2018 (Farnsworth, D.)
SB 1401 ignition interlock device; installer; manufacturer (Worsley)
SB 1405 corporate income tax allocation; sales (Fann)
SB 1422 universities; tuition and fees (Griffin)

SB 1499 community facilities districts; directors (Smith)
SB 1502 ignition interlock device; incarceration credits (Smith)
SB 1518 department of child safety; reports (Brophy McGee)

Sincerely,

A handwritten signature in black ink, reading "Douglas A. Ducey". The signature is written in a cursive, flowing style with a large initial "D".

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

Senate Engrossed

FILED

MICHELE REAGAN

SECRETARY OF STATE

State of Arizona
Senate
Fifty-third Legislature
Second Regular Session
2018

CHAPTER 101

SENATE BILL 1111

AN ACT

AMENDING SECTIONS 23-908 AND 23-1062.02, ARIZONA REVISED STATUTES;
RELATING TO WORKERS' COMPENSATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 23-908, Arizona Revised Statutes, is amended to
3 read:

4 23-908. Injury reports by employer and physician; schedule of
5 fees; violation; classification

6 A. Every employer that is affected by this chapter, and every
7 physician who attends an injured employee of ~~such~~ THAT employer, shall
8 file with the commission and the employer's insurance carrier from time to
9 time a full and complete report of every known injury to the employee
10 arising out of or in the course of employment and resulting in loss of
11 life or injury. ~~Such a~~ THE report shall be furnished to the commission
12 and the insurance carrier at times and in the form and detail the
13 commission prescribes, and the report shall make special answers to all
14 questions required by the commission under its rules.

15 B. The commission shall fix a schedule of fees to be charged by
16 physicians, physical therapists or occupational therapists attending
17 injured employees and, subject to subsection C of this section, for
18 prescription medicines required to treat an injured employee under this
19 chapter. NOTWITHSTANDING SUBSECTION C OF THIS SECTION, THE SCHEDULE OF
20 FEES MAY INCLUDE OTHER REIMBURSEMENT GUIDELINES FOR MEDICATIONS DISPENSED
21 IN SETTINGS THAT ARE NOT ACCESSIBLE TO THE GENERAL PUBLIC. The commission
22 shall annually review the schedule of fees.

23 C. If a schedule of fees for prescription medicines adopted
24 pursuant to subsection B of this section includes provisions regarding the
25 use of generic equivalent drugs or interchangeable biological products,
26 those provisions shall comply with section 32-1963.01, subsections A, B
27 and D through L. If the commission considers the adoption of fee schedule
28 provisions that involve specific prices, values or reimbursements for
29 prescription drugs, the commission shall base the adoption on studies or
30 practices that are validated and accepted in the industry, including the
31 applicability of formulas that use average wholesale price, plus a
32 dispensing fee, and that have been made publicly available for at least
33 one hundred eighty days before any hearing conducted by the commission.

34 D. Notwithstanding section 12-2235, information obtained by any
35 physician or surgeon examining or treating an injured person shall not be
36 considered a privileged communication, if that information is requested
37 by interested parties for a proper understanding of the case and a
38 determination of the rights involved. Hospital records of an employee
39 concerning an industrial claim shall not be considered privileged if
40 requested by an interested party in order to determine the rights
41 involved. Medical information from any source pertaining to conditions
42 unrelated to the pending industrial claim shall remain privileged.

43 E. When an accident occurs to an employee, the employee shall
44 forthwith report the accident and the injury resulting ~~therefrom~~ FROM THE
45 ACCIDENT to the employer, and any physician employed by the injured

1 employee shall forthwith report the accident and the injury resulting
2 ~~therefrom~~ FROM THE ACCIDENT to the employer, the insurance carrier and the
3 commission.

4 F. ~~When~~ IF an accident occurs to an employee, the employer may
5 designate in writing a physician chosen by the employer, who shall be
6 permitted by the employee, or any person in charge of the employee, to
7 make one examination of the injured employee in order to ascertain the
8 character and extent of the injury occasioned by the accident. The
9 physician so chosen shall forthwith report to the employer, the insurance
10 carrier and the commission the character and extent of the injury as the
11 physician ascertains. If the accident is not reported by the employee or
12 the employee's physician forthwith, as required, or if the injured
13 employee or those in charge of the employee refuse to permit the
14 employer's physician to make the examination, and the injured employee is
15 a party to the refusal, no compensation shall be paid for the injury
16 claimed to have resulted from the accident. The commission may relieve
17 the injured person or that person's dependents from the loss or forfeiture
18 of compensation if it believes after investigation that the circumstances
19 attending the failure on the part of the employee or physician to report
20 the accident and injury are such as to have excused them.

21 G. Within ten days after receiving notice of an accident, the
22 employer shall inform the insurance carrier and the commission on ~~such~~ THE
23 forms and in ~~such~~ THE manner as ~~may be~~ prescribed by the commission.

24 H. Immediately on notice to the employer of an accident resulting
25 in an injury to an employee, the employer shall provide the employee with
26 the name and address of the employer's insurance carrier, the policy
27 number and the expiration date.

28 I. Any person failing or refusing to comply with this section is
29 guilty of a petty offense.

30 Sec. 2. Section 23-1062.02, Arizona Revised Statutes, is amended to
31 read:

32 23-1062.02. Use of controlled substances; prescription of
33 schedule II controlled substances; reports;
34 treatment plans; monitoring program inquiries;
35 preauthorizations; definitions

36 A. A PHYSICIAN WHO PRESCRIBES A SCHEDULE II CONTROLLED SUBSTANCE TO
37 AN EMPLOYEE SHALL COMPLY WITH TITLE 32, CHAPTER 32, ARTICLE 4, INCLUDING
38 THE PROVISIONS IN THAT ARTICLE RELATING TO PATIENTS WITH TRAUMATIC
39 INJURIES.

40 ~~A.~~ B. A physician shall include in the report required under
41 commission rule THE FOLLOWING information pertaining to the ~~following~~:

42 ~~1. The off-label use of a narcotic, opium-based controlled~~
43 ~~substance or schedule II controlled substance by a claimant.~~

44 ~~2. The use of a narcotic or opium-based controlled substance or the~~
45 ~~prescription of a combination of narcotics or opium-based controlled~~

1 ~~substances at or exceeding a one hundred twenty milligram morphine~~
2 ~~equivalent dose per day.~~

3 ~~3. The prescription of a long-acting or controlled release opioid~~
4 ~~for acute pain.~~

5 ~~B. The information required pursuant to subsection A of this~~
6 ~~section shall include the USE OF A NARCOTIC OR OPIUM-BASED CONTROLLED~~
7 ~~SUBSTANCE THAT IS LISTED IN SCHEDULE II OR THE PRESCRIPTION OF ANY OPIOID~~
8 ~~MEDICATION:~~

9 1. Justification for THE use of the controlled substance, ~~and~~
10 INCLUDING DOCUMENTATION OF THE FOLLOWING:

11 (a) THAT A PHYSICAL EXAMINATION OF THE EMPLOYEE WAS CONDUCTED.

12 (b) THAT A SUBSTANCE USE RISK ASSESSMENT OF THE EMPLOYEE WAS
13 CONDUCTED.

14 (c) THAT THE EMPLOYEE GAVE INFORMED CONSENT FOR ANY OPIOID
15 TREATMENT.

16 2. A treatment plan ~~that includes a description of~~ DESCRIBING THE
17 measures that the physician will implement to monitor and prevent the
18 development of abuse, dependence, addiction or diversion by the employee.
19 The physician shall include in the treatment plan ALL OF THE FOLLOWING:

20 (a) A medication agreement. ~~, a plan for subsequent~~

21 (b) THE FREQUENCY OF FACE-TO-FACE follow-up visits ~~and~~ TO
22 REEVALUATE THE EMPLOYEE'S CONTINUED USE OF OPIOIDS.

23 (c) Random drug testing. ~~and~~

24 (d) Documentation that the medication regime is providing relief
25 that is demonstrated by clinically meaningful improvement in function.

26 (e) CRITERIA AND PROCEDURES FOR TAPERING AND DISCONTINUING OPIOID
27 PRESCRIPTION OR ADMINISTRATION AS PART OF THE TREATMENT.

28 (f) CRITERIA AND PROCEDURES FOR OFFERING OR REFERRING THE EMPLOYEE
29 FOR TREATMENT FOR DEPENDENCE ON OR ADDICTION TO OPIOIDS.

30 C. If the drug test of the employee reveals inconsistent results,
31 the physician within five business days shall provide a written report to
32 the carrier, self-insured employer or commission setting forth a treatment
33 plan to address the inconsistent drug test results.

34 ~~C. D. Within two business days of writing or dispensing an initial~~
35 ~~prescription order for at least a thirty-day supply of an opioid~~
36 ~~medication for the employee, a physician shall submit an inquiry to the~~
37 ~~Arizona state board of pharmacy requesting the employee's prescription~~
38 ~~information that is compiled under the controlled substances prescription~~
39 ~~monitoring program prescribed in title 36, chapter 28. BEFORE PRESCRIBING~~
40 ~~AN OPIOID ANALGESIC OR BENZODIAZEPINE CONTROLLED SUBSTANCE THAT IS LISTED~~
41 ~~IN SCHEDULE II, III OR IV FOR AN EMPLOYEE AND AT LEAST QUARTERLY WHILE~~
42 ~~THAT PRESCRIPTION REMAINS A PART OF THE TREATMENT, THE PHYSICIAN SHALL~~
43 ~~OBTAIN A PATIENT UTILIZATION REPORT REGARDING THE EMPLOYEE FROM THE~~
44 ~~CONTROLLED SUBSTANCES PRESCRIPTION MONITORING PROGRAM'S CENTRAL DATABASE~~
45 ~~TRACKING SYSTEM AS REQUIRED BY SECTION 36-2606. The physician shall~~

1 report the results to the carrier, self-insured employer or commission as
2 soon as reasonably practicable but ~~no~~ NOT later than thirty days ~~from~~
3 AFTER the date of the inquiry. Thereafter, the carrier, self-insured
4 employer or commission may request ~~no~~ NOT more than once every two months
5 that the physician ~~perform additional inquiries to~~ OBTAIN A PATIENT
6 UTILIZATION REPORT REGARDING THE EMPLOYEE FROM the ~~Arizona state board of~~
7 ~~pharmacy~~ CONTROLLED SUBSTANCES PRESCRIPTION MONITORING PROGRAM'S CENTRAL
8 DATABASE TRACKING SYSTEM.

9 ~~D.~~ E. If the ~~result of an inquiry to~~ PATIENT UTILIZATION REPORT
10 FROM the ~~Arizona state board of pharmacy~~ CONTROLLED SUBSTANCES
11 PRESCRIPTION MONITORING PROGRAM'S CENTRAL DATABASE TRACKING SYSTEM reveals
12 that the employee is receiving opioids from another undisclosed health
13 care provider, the physician shall within five business days report the
14 results to the carrier, self-insured employer or commission.

15 ~~E.~~ F. If the physician does not comply with this section:

16 1. The carrier, self-insured employer or commission is not
17 responsible for payment for the physician's services until the physician
18 complies with this section.

19 2. Except for a self-insured employer that provides medical care
20 pursuant to section 23-1070, ~~an~~ THE employer, carrier or commission may
21 request a change of physician after making a written request to the
22 physician to comply with this section and the request identifies the area
23 of noncompliance. If a change of physician is ordered and the order
24 becomes final, the employee shall select a physician ~~whose practice~~
25 ~~includes pain management and~~ who agrees to comply with this section. If
26 other medical providers are not available in the employee's area of
27 residence, the employer, carrier or commission shall pay in advance for
28 the employee's reasonable travel expenses, including the cost of
29 transportation, food, lodging and loss of pay, if applicable.

30 ~~F.~~ G. If medically necessary, the carrier, self-insured employer
31 or commission shall provide drug rehabilitation and detoxification
32 treatment for an employee who becomes dependent on or addicted to opioids
33 that are prescribed for a work-related injury. In the event of a medical
34 conflict regarding the necessity for drug rehabilitation and
35 detoxification, the carrier, self-insured employer or commission shall
36 continue to provide the opioids until a determination is made after a
37 hearing by an administrative law judge.

38 ~~G.~~ H. If the employee resides out of state, the carrier,
39 self-insured employer or commission ~~may~~ IS not ~~be~~ responsible for
40 providing medications that are subject to this section if the out-of-state
41 physician fails to comply with this section. If the other state has a
42 controlled substances monitoring program, the physician shall submit an
43 inquiry to the database as prescribed by subsection ~~E~~ D of this section.

44 ~~H.~~ This section does not apply to medications administered to the
45 employee while the employee is receiving inpatient hospital treatment.

1 I. A carrier, A self-insured employer or THE commission may require
2 physician compliance with this section notwithstanding the existence of a
3 prior award addressing medical maintenance benefits for medications. A
4 carrier or self-insured employer is not liable for bad faith or unfair
5 claims processing for any act taken in compliance of and consistent with
6 this section OR ANY ACT REASONABLY NECESSARY TO MONITOR OR ASSESS THE
7 APPROPRIATENESS AND EFFECTIVENESS OF AN EMPLOYEE'S OPIOID USE.

8 J. For the purposes of this section:

9 1. "Clinically meaningful improvement in function" means ~~any~~ BOTH
10 of the following:

11 ~~(a) A clinically documented improvement in range of motion.~~

12 ~~(b)~~ (a) ~~An increase~~ A SIGNIFICANT IMPROVEMENT in the performance
13 of activities of daily living OR A REDUCTION IN WORK RESTRICTIONS.

14 ~~(c) A return to gainful employment.~~

15 (b) A REDUCTION IN DEPENDENCY ON CONTINUED MEDICAL TREATMENT.

16 2. "Inconsistent results" means:

17 (a) The employee's reported medications, including the parent drugs
18 or metabolites, are not detected.

19 (b) Controlled substances are detected that are not reported by the
20 employee.

21 ~~3. "Off-label use" means use of a prescription medication by a~~
22 ~~physician to treat a condition other than the use for which the drug was~~
23 ~~approved by the United States food and drug administration.~~

24 3. "SUBSTANCE USE RISK ASSESSMENT" MEANS AN EVALUATION OF AN
25 EMPLOYEE'S UNIQUE LIKELIHOOD FOR ADDICTION, MISUSE, DIVERSION OR ANOTHER
26 ADVERSE CONSEQUENCE RESULTING FROM THE EMPLOYEE BEING PRESCRIBED OR
27 RECEIVING TREATMENT WITH OPIOIDS.

28 4. "TRAUMATIC INJURY" AS USED IN TITLE 32, CHAPTER 32, ARTICLE 4
29 MEANS PHYSICAL INJURY THAT CREATES A REASONABLE RISK OF DEATH OR THAT
30 CAUSES SERIOUS OR PERMANENT DISFIGUREMENT, SERIOUS IMPAIRMENT OF HEALTH OR
31 LOSS OR PROTRACTED IMPAIRMENT OF THE FUNCTION OF ANY BODILY ORGAN OR LIMB.

32 Sec. 3. Industrial commission of Arizona; review of
33 medication reimbursement guidelines; delayed repeal

34 A. On or before July 1, 2019, as part of the industrial commission
35 of Arizona's annual review of the schedule of fees pursuant to section
36 23-908, Arizona Revised Statutes, as amended by this act, the industrial
37 commission of Arizona shall review information and data, consult with
38 physician, employee and business and industry stakeholders and hold at
39 least one public hearing in considering whether to adopt additional
40 reimbursement guidelines for medications dispensed in settings that are
41 not accessible to the general public.

42 B. This section is repealed from and after June 30, 2020.

APPROVED BY THE GOVERNOR MARCH 29, 2018

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 29, 2018

Passed the House March 22, 2018,

Passed the Senate February 27, 2018,

by the following vote: 56 Ayes,

by the following vote: 28 Ayes,

3 Nays, 1 Not Voting

2 Nays, 0 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

20th day of March, 2018

at 2:08 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 29th day of
March, 2018,

at 11:55 o'clock A M.
[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 29 day of March, 2018,

at 3:04 o'clock P. M.

[Signature]
Secretary of State

S.B. 1111